

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

FILED

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INDIANA UTILITY
REGULATORY COMMISSION

IN THE MATTER OF THE INVESTIGATION)
ON THE COMMISSION'S OWN MOTION, UNDER)
INDIANA CODE § 8-1-2-72, INTO ANY AND ALL)
MATTERS RELATING TO THE COMMISSION'S)
MIRRORING POLICY ARTICULATED IN)
CAUSE NO. 40785 AND THE EFFECT OF THE)
FCC'S MAG ORDER ON SUCH POLICY,)
ACCESS CHARGE REFORM, UNIVERSAL)
SERVICE REFORM, AND HIGH COST OR)
UNIVERSAL SERVICE FUNDING)
MECHANISMS RELATIVE TO TELEPHONE)
AND TELECOMMUNICATIONS SERVICES)
WITHIN THE STATE OF INDIANA)

CAUSE NO. 42144
(Phase 2)

**OVERSIGHT COMMITTEE'S RECOMMENDATION FOR INDIANA UNIVERSAL
SERVICE FUND ADMINISTRATOR**

The Indiana Universal Service Fund ("IUSF") Oversight Committee ("OC") respectfully submits its recommendation for an independent third-party Administrator to manage the IUSF to the Indiana Utility Regulatory Commission ("Commission") for its consideration and final determination. The OC makes this recommendation as part of its continuing efforts to fulfill the tasks delegated to it by the Commission in order to implement the IUSF and is made in accordance with the implementation timeline approved by the Commission in its June 18, 2007 Docket Entry in this Cause.

Background

On August 3, 2007, the OC filed a Submission of Request for Proposal ("RFP") for the Indiana Universal Service Fund Administrator ("RFP Submission") in this Cause. On September 4, 2007, the Presiding Officers issued a Docket Entry approving the RFP Submission. The Commission posted the RFP on its website. In addition, the Presiding Officers advised via Docket Entry that the deadline for potential bidders to submit questions was September 17, 2007.

Parties submitted requests for clarification and questions regarding the IUSF RFP. The OC filed responses to the questions and its responses were posted on the Commission's website.

RFP Responses

The RFP directed the prospective Independent Third-Party Administrators to submit a complete response to the RFP using the format provided in Part III, *Information Required from Independent Third-Party Administrator*, in order to be considered. In addition, the Independent Third-Party Administrator was to provide a signed letter of transmittal, acknowledging the obligations of any contract awarded in connection with the proposal and affirming that the signature on the letter represents the commitment of the Independent Third-Party Administrator to honor the requirements of any such contract. The RFP specified a contract period beginning December 14, 2007 and continuing through December 31, 2008, with the option of a two year extension through December 31, 2010. The RFP Proposals were to address the activities for the periods December 14, 2007 through December 31, 2008, and January 1, 2009 through December 31, 2010. The deadline established for RFP Proposals to be delivered to General Counsel Scott Storms of the Commission was on or before 12:00 p.m. on October 8, 2007.

Two entities timely submitted proposals for consideration in response to the RFP: Rolka Loube Saltzer Associates ("RLSA") and Solix, Inc. ("Solix"). The Commission Staff distributed copies of the RFP responses of RLSA and Solix to each OC member.

RFP Evaluation

Each OC member reviewed the RFP proposals independently. In addition, the RFP proposals were discussed collectively by the OC on its weekly conference calls. The RFP clearly stated in Part IV, *Criteria For Selection*, the evaluation standards that the OC would utilize to assess the RFP proposals. Specifically, the OC evaluation is based upon the following criteria:

1. Understanding of the Task – This refers to the Independent Third-Party Administrator's understanding of the Commission's objectives, and the nature and scope of the work involved as evidenced in the Firm's Proposal sections: *Statement of Expected Activity*, *Work Summary*, *Preliminary Work Plan*, and *Prior Experience*.

2. Independent Third-Party Administrator's Qualifications – This includes the demonstrated ability of the Independent Third-Party Administrator to meet the terms and requirements of the RFP by a
 - familiarity with Indiana ETCs;
 - familiarity with the IUSF history and procedures;
 - familiarity with the Federal Universal Service Fund history and procedures;
3. Professional Personnel – This refers to the competence of the professional personnel who are assigned to the job by the Independent Third-Party Administrator. Qualifications of the professional personnel will be measured by:
 - education and experience, with particular reference to experience on projects similar to those described herein; and
 - the Firm's commitment to the consistent assignment of these same personnel to this project.
4. Soundness of Approach – The Proposal will be evaluated on:
 - the techniques for collecting and analyzing data;
 - the sequence and relationships of major steps;
 - the methods of managing the assignment; and
 - the thoroughness of issue identification and development.
5. Cost – The cost of each proposal will receive significant weight in the selection process, but will not be the sole determining factor.
6. Potential Conflicts of Interest/Independence – This refers to any Independent Third-Party Administrator or subcontractor which has performed work for telecommunications providers in Indiana, their parent company, or their affiliate companies.

Based on the OC's evaluation of both proposals, the OC found both bid proposals to be sound and acceptable and concluded that each of the bidders appears fully capable and qualified, if chosen, to administer the IUSF in accordance with the requirements specified in the RFP. Thus, the OC found that neither bidder should be disqualified from consideration based on the failure of their proposals to satisfy the technical, regulatory, financial, and all other standards identified in the RFP. Having said that, the OC also believes that the bids provide sufficient information to allow it to make a fair assessment of the comparative strengths and weaknesses of the RFP proposals.

The OC discussed the advantages and disadvantages of the submitted bid proposals on its October 30 and November 5, 2007 conference calls. RLSA has the advantage of submitting the lower price of the two bidders. Solix has a distinct advantage in terms of personnel strength in numbers and overall experience. From the OC's perspective, there was very little else of substance, that categorically distinguished one RFP proposal from the other.

The OC places a higher premium on Solix's superior personnel strength and apparent ability to provide greater human resources to support the operation of the IUSF over RLSA's lower bid and notes the RFP states that the cost of each proposal will not be the sole determining factor. Furthermore, since Solix serves as the interim administrator, it would not need to undertake any significant start-up or transition processes in order to ensure that IUSF service levels are maintained even as the new contract period unfolds. Taking into consideration all relevant factors, and, upon review and evaluation and weighing the advantages of the two proposals submitted in response to the RFP, the OC finds the order of preference is: (1) Solix; and (2) RLSA.

IUSF Administrator Recommendation

Based on its review and evaluation of the RFP proposals, the OC finds Solix's RFP response to be the better between the two bid proposals submitted for our consideration. Accordingly, the OC recommends Solix as the independent third-party IUSF Administrator to the Commission for its consideration and determination.

The Commission's Order in Cause No. 43082, dated November 7, 2007 directed the OC to "include provisions in the RFP that require any potential administrator to oversee the eventual administration of the Indiana Lifeline Assistance Program as part of its duties and responsibilities."¹ The existing RFP has a provision for amendments:

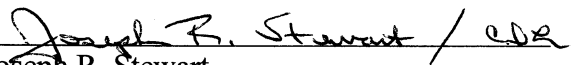
I.15 Amendment - Changes in the time frame, scope or objectives of the work required, including but not limited to changes in state or federal regulations, court decisions, and new enactments by the State of Indiana and the U.S. Congress, may require amendment

¹ IURC Cause No. 43082 Order, dated November 7, 2007, at 12.

of the contract to recognize additional compensation and expenses. Amendment or extension of the contract must be authorized by the Commission.

Since the Indiana Lifeline Assistance Program ("ILAP") rulemaking has not been completed at this point, the OC prefers to continue with the existing RFP and its IUSF Administrator recommendation and undertake Administrator oversight of the ILAP upon conclusion of the ILAP rulemaking. In addition, the OC respectfully requests the Commission advise the successful bidder for permanent IUSF Administrator of a known amendment in the scope of the work required, to include ILAP administration, when it awards the contract.

Respectfully submitted,



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CERTIFICATE OF SERVICE
Cause No. 42144

The undersigned counsel hereby certifies that on the 9th day of November, 2007, an original and 5 copies of the foregoing document were delivered to the Indiana Utility Regulatory Commission and a copy was served upon the following counsel either electronically or by United States Mail, first class postage prepaid:

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